

Fiscal Note

Fiscal Services Division



SF 2327 – Food Donation Tax Credit (LSB 5256SW)

Analyst: Jeff Robinson (Phone: 515-281-4614) (jeff.robinson@legis.state.ia.us)

Fiscal Note Version – New

Description

Senate File 2327 creates a new tax credit for food producers that donate produce to Iowa food banks or other Iowa emergency feeding organizations. The tax credit is equal to 10.0% of the wholesale value of the food donated. The credit is further limited to no more than \$5,000 per taxpayer per year. If the taxpayer uses the new tax credit, the taxpayer is not allowed to claim the same donation as an Iowa itemized deduction. The tax credit is not refundable but unused credits may be carried forward for up to five tax years. The credit is available beginning tax year 2013.

Assumptions

The Department of Revenue identified a similar food donation tax credit program enacted in October 2011 in the State of California. In that State, the estimated tax credit impact was \$200,000 per year. The State of California has a significantly higher population and a larger base of farms that produce the type of commodities utilized directly for human consumption. For this estimate, the Iowa impact was assumed to be no more than 20.0% of the estimated impact in California.

Fiscal Impact

The food donation tax credit created in the Bill is projected to reduce net State General Fund revenue by no more than \$40,000 per year, beginning FY 2014.

Sources

Department of Revenue

April 3, 2012

The fiscal note for this bill was prepared pursuant to **Joint Rule 17**. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
